



U.S. Department of Justice

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PRESS RELEASE

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Maryland Company, Two Officers and Related Entities To Pay \$3.2 Million to Resolve Claims Stemming From Operation of Petroleum Underground Storage Tanks - EPA Cited Violations of State, Federal Regulations -

WASHINGTON - Euclid of Virginia, Inc., two of its officers, and related entities have agreed to pay the United States \$3.2 million to resolve allegations involving the company's ownership and operation of petroleum underground storage tanks, U.S. Attorney Ronald C. Machen Jr. announced today.

The settlement resolves a lawsuit filed in the U.S. District Court for the District of Columbia. The United States filed the civil action in March 2011 under the Federal Debt Collection Procedure Act, seeking to collect precedent-setting civil penalties that were imposed against Euclid of Virginia, Inc. by the U.S. Environmental Protection Agency (EPA). These penalties were the result of violations concerning petroleum underground storage tanks at 23 facilities in the District of Columbia, Maryland and Virginia.

The EPA initiated an administrative action in 2002 against Euclid of Virginia, Inc., a Maryland corporation, for numerous violations involving its petroleum underground storage tanks. In November of 2003, the agency filed an amended complaint alleging violations of federal and state regulations at the 23 facilities. Seven of the facilities were in the District of Columbia, 14 were in Maryland, and two were in Virginia.

These violations involved areas that posed risks to human health and environment, including tank release detection, corrosion protection, spill prevention and financial responsibility. In 2006, an administrative law judge issued a decision finding Euclid liable for 69 violations and assessed \$3,085,293 in civil penalties. In 2008, the EPA's Environmental Appeals Board upheld the findings and increased the civil monetary penalty to \$3,164,555.

In addition to the claims against Euclid to collect upon the civil penalties, the United States sought to have two of Euclid's officers and other related entities held liable for the civil penalties. The United States also alleged that certain transfers of Euclid's assets after the civil

penalties were imposed by the EPA were fraudulent, with the effect of hindering, delaying or defrauding the government's ability to collect the money.

Pursuant to the settlement agreement, the defendants made an initial payment of \$600,000 and provided collateral to the United States to secure future payments.

"By operating gas stations with unchecked underground tanks, Euclid created serious environmental hazards that threatened to contaminate our groundwater," said U.S. Attorney Machen. "Today's \$3.2 million settlement demonstrates our commitment to punishing corporations that do not meet their obligations to protect our natural resources."

In announcing the settlement, U.S. Attorney Machen praised the efforts of EPA counsel Benjamin Fields as well as those who worked on the case from the U.S. Attorney's Office, including Patricia Gilbert, Supervisory Paralegal of the Financial Litigation Unit; Karen Caudill, an investigator with the Civil Division; Frank Buda, a former intern with the Civil Division, and Assistant U.S. Attorney Judith A. Kidwell, who litigated the case.

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